



State of Utah  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt  
Governor  
Kathleen Clarke  
Executive Director  
Lowell P. Braxton  
Division Director

1594 West North Temple, Suite 1210  
PO Box 145801  
Salt Lake City, Utah 84114-5801  
801-538-5340  
801-359-3940 (Fax)  
801-538-7223 (TDD)

October 12, 2000

Lon Thomas  
Star Stone Quarries, Inc.  
4040 South 300 West  
Salt Lake City, Utah 84107

Re: Certificate of Deposit, Cover Letter, Star Stone Quarries, Inc., Peoa Blonde Mine Site,  
M/043/012, Summit County, Utah

Dear Mr. Thomas:

On October 11, 2000, we received the finalized and corrected Certificates of Deposit (CD) for the Peoa Blonde mine site. Enclosed is the cover letter regarding the instructions to First Security Bank in handling the three CD's. We previously sent you a draft copy of this cover letter for your and First Security Bank's review and comment. First Security Bank personnel advised us that they have no concerns or comments on this cover letter.

The Division Director has accepted and signed the cover letter. Please sign the cover letter and return it to us as soon as possible. We will then forward the letter to First Security Bank, along with the signed signature card which the bank will hold for the CD's.

When we receive the signed cover letter, we will then prepare our final approval letter for the Peoa Blonde Mine Site. At that time, we will also send you copies of the signed and executed Reclamation Contract along with copies of the three updated CD's with accompanying cover letter for your records.

Thank you for your help in finalizing this last step in the permitting process for the Peoa Blonde mine site. If you have any questions regarding this letter, please contact me at 538-5286.

Sincerely,

D. Wayne Hedberg  
Permit Supervisor  
Minerals Regulatory Program

jb  
cc: CD Cover Letter  
M43-12-ltr



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First Security Bank  
4306 South State Street  
Murray, Utah 84107

Attention: Troy C. Anderson

Re: Reclamation Surety, Certificates of Deposit for Star Stone Quarries, Inc.'s Peoa Blonde Mine Site, Certificates of Deposit No. [REDACTED] \$25,000; No. [REDACTED] \$20,000 and No. [REDACTED] \$5,600, M/043/012, Summit County Utah

This letter describes the mutually agreed upon instructions of the below signed parties to First Security Bank (Bank), regarding the control, redemption, and release of Bank's above-described certificates of deposit (CD), which is being used as a surety to guarantee the availability of reclamation funds for the Peoa Blonde mine site, Summit County, Utah (Mine Site). It is the intention of the parties that the CD's be utilized as surety to guarantee that \$50,600.00 in reclamation funds will be available to the State of Utah, Division of Oil, Gas & Mining (Division) upon demand in the event that the operator(s) of the Mine Site are unable or unwilling to complete reclamation of the Mine Site in compliance with state law and regulations (Title 40-8-14(7), and Rules R647-4-114 & R647-5-101).

**Ownership and Renewal:**

Ownership of the CD's is retained by American Stone, Inc. (now known as Star Stone Quarries, Inc.), a Utah corporation, and by Betsy Joy Thomas and Lon Thomas, individual(s), (collectively "Owners"), but the CD's are held by Bank for the benefit of the State of Utah, Division of Oil, Gas & Mining and is subject to the terms and conditions described in this agreement. The CD's shall automatically renew indefinitely until either redeemed or released by the Director of the Division.

**Redemption:**

The CD's may only be redeemed (i.e., called on demand), pursuant to the written instruction or demand of the Director of the Utah Division of Oil, Gas & Mining to the Bank. Upon the instruction and demand of the Director, the full initial amount of each CD shall be transferred to the State of Utah, Division of Oil Gas and Mining. Owners agree and irrevocably instruct Bank that neither the Owner(s), nor any other person claiming an ownership interest in the CD's which is derived from the Owners, shall have the authority to prevent the Bank from carrying out the Director's instruction to redeem the CD's. Upon redemption, any accrued interest in excess of

the initial amount of each CD shall be transferred to Owners control, or if Owners do not instruct the Bank, the accrued interest shall be reinvested into the CD's. If a signature card is prepared, it shall be drafted consistent with the requirement that only the Director of the Division may redeem the CD's.

**Release:**

The bank shall release the CD's only upon the written instruction of the Director of the Division to the Bank. Upon release, the terms and conditions of this agreement are no longer in effect, and the unconditioned control of each CD shall be returned to the Owners, or their legal successors-in-interest.

**Accrued Interest:**

Prior to release or redemption, all interest which accrues by each CD shall be: 1) dispersed quarterly to the Owner(s) as the Owner(s) may instruct the Bank; or 2) shall be reinvested in each CD until such time the Owner(s) may instruct the Bank where to transfer such interest. In no event shall the Bank transfer any amount from the CD's which would cause the redemption amount of the CD's to be less than the initial amount of \$50,600.00. All tax liabilities for accrued interest shall remain the responsibility of the Owners.

**Bank will not be held liable for any dispute between the parties.**

Agreed Upon By:



Lowell P. Braxton, Director  
Utah Division of Oil, Gas & Mining  
Tax ID Number: 87-6000545

Date: 10/12/00

\_\_\_\_\_  
Lon Thomas, Owner  
Star Stone Quarries, Inc.  
Tax ID Number: 87-0320130

Date: \_\_\_\_\_